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SUBJECT: Cote d'Ivoire 2010 Investment Climate Statement

REF: 09 STATE 124006

¶1. In response to reftel request, Embassy Abidjan's Investment Climate Statement 2010 follows in paragraph 2.

¶2. Begin Text.

Openness To Foreign Investment. In September 2002, an attempted coup in Cote d'Ivoire began a crisis that divided the country politically, militarily, and economically. In subsequent months, many foreign investors left the country. Cote d'Ivoire has regained a great deal of stability and has seen modest economic growth in recent years. However, national elections have not been held since the crisis began, a coalition of government and rebel leaders still governs the country, and to a large extent the northern and southern portions of the country still operate as separate economies. Despite the ongoing political/economic crisis, the Ivorian government actively encourages foreign investment through mergers, acquisitions, joint ventures, takeovers, or startups. It is not unusual for high-ranking Ivorian officials, including the President, to meet with potential foreign investors. There are no significant limits on foreign investment nor are there generally differences in treatment of foreign and national investors, either in terms of the level of foreign ownership or sector of investment. The government does not screen investments and has no overall economic and industrial strategy that discriminates against foreign-owned firms. The investment code was designed to boost private sector investment and increase national production. The code includes incentives, such as tax breaks, for larger investments and for investments outside of Abidjan and other urban industrial areas. Cote d'Ivoire also has a Petroleum Investment Code and a Mining Investment Code, which were revised to encourage foreign investment in these sectors by exempting them from income and other taxes. The exemption also extends to the value added tax on equipment, materials and the first consignment of spare parts, except when there are equivalent products either made in Cote d'Ivoire or available in country at similar cost. The government has privatized some parastatal enterprises, but additional privatizations are not likely until after national elections take place.

The tax schedule, as revised in 2006, includes fiscal measures to reduce the corporate tax burden and stimulate economic activity. These measures include:

--A corporate income tax of 27 percent (down from 35 percent prior to the 2006 revisions).

--The awarding of a three-year corporate income tax exemption and free tax registration for the return of companies that left the country as a result of the crisis.

Cote d'Ivoire has an investment promotion center called CEPICI,

(Centre de Promotion des Investissements en Cote d'Ivoire, www.cepici.net), which provides investment information and assistance for entrepreneurs interested in starting a business or foreign enterprises interested in investing in Cote d'Ivoire. CEPICI provides a "one-stop-shop" for investors, an outreach program to match opportunities with potential investors, and a public-private liaison program. CEPICI also maintains a file of projects seeking foreign investment.

The World Bank's 2010 "Doing Business" report ranks Cote d'Ivoire 168 of 183 countries evaluated.

Foreign companies are free to invest and list on the regional stock exchange (BRVM), which is based in Abidjan and is dominated by Ivorian and French companies. With the inception of the regional exchange, the West African Economic and Monetary Union (WAEMU) members established the Regional Council for Savings and Investment, a regional securities regulatory body.

In past privatizations, such as for management of the Port of Abidjan and for management of the electric and water companies, well-entrenched French companies with extensive histories in Africa won, which led to allegations of corruption on the part of losing investors. Bids are not always made public. The government sometimes simply chooses from among companies that have proactively contacted it about an investment opportunity rather than proceeding through a public bid process.

There are no laws specifically authorizing private firms to adopt articles of incorporation or association that limit or prohibit

foreign investment, participation, or control. Furthermore, no such practices have been reported.

The government does not use tax, labor, environment, or health and safety laws to impede or distort investment. Well-entrenched foreign companies historically have formed relationships with GOCI officials-who frequently influence the awarding of tenders. Additionally, larger firms (which in many cases are foreign companies) face particular government requests and barriers (e.g., caps on market share or pressure with regard to pre-payment of taxes) that smaller businesses (which in many cases are Ivorian companies) do not face. There is no sector, however, where American investors have been formally refused the same treatment as other foreign investors.

There are some limitations on foreign investment worth noting. As a means to monitor foreign exchange flows, for example, the external finance and credit office of the Finance Ministry must approve investments from outside the West African Franc (FCFA) zone. Despite regulations designed to control land speculation, in urban areas, foreigners own significant amounts of land. Free-hold tenure outside of urban areas, despite land reform, is difficult. Most businesses, including agribusinesses and forestry companies, opt for long-term leases. Many foreign investors see corruption, especially in the judicial system, as a major impediment to investment in Cote d'Ivoire. Some foreign investors have described extraordinary difficulty and lengthy delays in establishing investment in Cote d'Ivoire.

There are sizable U.S. investments in offshore gas and oil exploration and production, petroleum product distribution, cocoa and coffee processing and shipping, as well as a more modest investment in banking. There is a need for oil-servicing companies and oil exploration equipment and for experienced engineers and rig managers.

Oil has become Cote d'Ivoire's leading export product, outpacing traditional leader cocoa. Development of new gold mines in recent years in the central and northern areas of the country also contributes to national economic growth and exports. Another area of commercial success is cellular phone service, which saw the entry of a fifth mobile operator in December 2008 and the announcement of a sixth operator; all of the cellular phone service operators are largely financed by foreign capital. U.S. investment is noticeably absent from the Ivorian telecommunications sector, which accounted for approximately $161 million (approximately 43 percent) of new FDI inflows in 2009.

The cocoa sector remains quite significant to the economy. It contributes up to 40 percent of export revenues and 20 percent of government fiscal revenues. Because of this sector's critical importance to the Ivorian economy, the government has an unwritten policy that prevents foreign companies from dominating it. Although the government has liberalized the market, it de facto limits the amount of cocoa that large foreign exporters can purchase and process to approximately 23% of the total harvest via a prohibition on foreign companies approaching farmers outside of either government-licensed middlemen or co-operatives. The Ivorian government has also established several private and public control agencies to regulate the industry. In October 2007, in response to several public accusations of widespread malfeasance in the cocoa sector, the Ivorian President ordered the public prosecutor to investigate the allegations, particularly those concerning embezzlement. Several top officials in the sector are now in prison awaiting trial on charges of corruption. In September 2008, the President dissolved the cocoa-coffee regulating bodies, replacing them with a transitional Cocoa-Coffee Management Committee, which continues to regulate the sector. The World Bank and IMF have continued their focus on the cocoa sector as a key economic bellwether and are pressing the Ivorian government to reform this sector. On October 14, 2009, the Cocoa Reform Committee set up by presidential decree on February 27, 2009, and charged with restructuring the cocoa sector submitted its draft proposal to the president. The proposal has not been made public.

The World Bank, IMF and the African Development Bank resumed their financial operations and lending in Cote d'Ivoire in mid-2007 after an accord was reached with the government to pay a negotiated percentage of its outstanding arrears to the WB and AfDB. In March 2009, the IMF and the World Bank approved new programs for Cote d'Ivoire and approved the country's decision point for the Enhanced Heavily Indebted Poor Countries (HIPC) Initiative.

Conversion And Transfer Policies. Cote d'Ivoire is a member of the West African Economic and Monetary Union (WAEMU), which uses the Franc CFA (FCFA), a convertible currency. The French Central Bank

continues to hold the international reserves of WAMEU member states and maintains a fixed rate of 655.956 CFA to the Euro.

The WAEMU has unified foreign exchange regulations. Under these regulations, there are no restrictions for transfers within the community, and designated commercial banks are able to approve routine foreign exchange transactions inside the community. The transfer abroad of the proceeds of liquidation of foreign direct investments no longer requires prior government approval.

Despite the ability to transfer funds freely within the WAEMU zone, when Ivoirians and expatriate residents are traveling from Cote d'Ivoire to another WAEMU country, they must declare the amount of currency being carried out of the country. When traveling from Cote d'Ivoire to a destination other than another WAEMU country, Ivoirians and expatriate residents are prohibited from carrying an amount of currency greater than the equivalent of two million CFA francs (approximately $4,395). Larger amounts require the approval of the Ministry of Finance, and must be in travelers or bank checks.

The Government must grant prior permission for investments coming from outside the WAEMU zone, and routinely does so. Once an investment is established and documented, the Government regularly approves remittances of dividends and/or repatriation of capital. The same holds true for requests for other sorts of transactions -- e.g., imports, licenses, and royalty fees.

Multi-national firms in Cote d'Ivoire have complained that temporary liquidity shortfalls sometimes occur in the banking system. These problems are particularly of concern during the main cocoa harvest when companies are trying to transfer large sums of money as cocoa is purchased and exported. Companies continue to complain that the Government is slow in approving currency conversions.

Expropriation And Compensation. Cote d'Ivoire's public expropriation law includes compensation provisions similar to those

in the United States. Historically, expropriation has not been an issue in Cote d'Ivoire, and the Embassy is not aware of any cases of government expropriation of private property.

Private expropriation as a means to force settlement of contractual or investment disputes continues to be a problem. Investors should be aware that local individuals or local companies using what appear to be spurious court decisions have challenged the ownership of some foreign companies in recent years. On occasion the Government has blocked the bank accounts of U.S. and other foreign companies because of ownership and tax disputes. Corruption in the judicial system and security services has resulted in poor enforcement of private property rights, even in the sensitive cocoa sector, particularly when the expropriated entity is foreign held and the expropriator is Ivorian or is a long-term French or Lebanese resident of Cote d'Ivoire.

Dispute Settlement. The judicial system is dysfunctional. Enforcement of contract rights is often time-consuming and expensive as court cases move slowly. Judges sometimes fail to base their decisions on the legal or contractual merits of the case and tend to rule against foreign investors in favor of entrenched interests. In addition, cases are often postponed and appealed again and again, moving from court to court, in some cases for decades. It is widely believed that magistrates are sometimes subject to political or financial influence. To counteract this, some investors stipulate in contracts that disputes must be settled through international commercial arbitration. However, even if stipulated in the contract, decisions reached through international arbitration, and even through the African regional arbitration body, are sometimes not honored by local courts.

Given that the average time from filing to resolution of a contract dispute is eight years the Government established an arbitration tribunal in 1999 for businesses to settle commercial disputes without going to court. The arbitration court is supposed to provide alternative modes of conflict resolution including arbitration, conciliation, mediation and expertise.

In July 2004, the business community welcomed the expansion of the arbitration tribunal's mandate to include participation of local chambers of commerce. The business community was also pleased at the tribunal's ability to enforce awards more quickly. However, use of the tribunal in lieu of the court system has been limited; in the past ten years it has heard only 105 cases (18 in 2009). In addition to its local arbitration board, Cote d'Ivoire is a member of the International Center for Settlement of Investment Disputes. The Abidjan-based, regional Joint Court of Justice and Arbitration

provides an alternative means of solving contractual disputes.

There is political consensus on the need to reform the judicial system. However, the Ivorian government remains preoccupied with the ongoing political crisis; judicial reform, like many other legislative initiatives, remains on the back burner. Reform efforts are likely to continue to languish until after the next presidential elections, which did not take place as scheduled in November 2009, and have not yet been rescheduled. Under the pending reform plans, the GOCI would dismantle the Supreme Court, and divide its authority among several independent institutions. The current Judicial Chamber of the Supreme Court would become the High Appeals Court (Cour de Cassation). It would handle civil, penal, social, and labor cases when it deems that a lower court did not adequately apply the law. The current Administrative Chamber of the Supreme Court would become the Council of State (Conseil d'Etat), which would hear cases involving the State or public authorities or cases against the Government. The current Account Chamber of the Supreme Court would become a separate and independent Court of Auditors (Cour de Comptes), examining the accounts of the State and of local government, and hearing financial cases.

Further reform plans call for deciding more cases by three-judge panels, instead of by a single judge; publishing decisions more quickly; enhancing computerization in the court system; training judges in commercial law; and increasing the number of appeals courts to reduce the backlog of commercial cases.

Cote d'Ivoire has both commercial and bankruptcy laws that address

liquidation of business liabilities. The Uniform Acts for the Organization and Harmonization of Business Law (OHADA) is a collection of uniform laws on bankruptcy, debt collections, and the rules governing business transactions. The OHADA permits three different types of bankruptcy liquidation: an ordered suspension of payment to permit a negotiated settlement, an ordered suspension of payment to permit restructuring of the company, similar to Chapter 11, and the complete liquidation of assets, similar to Chapter 7. Creditors' rights, irrespective of nationality, are protected equally by the Act. Monetary judgments devolving from a bankruptcy are usually paid out in local currency.

At present, there are no investment disputes involving U.S. firms in Cote d'Ivoire.

Performance Requirements And Incentives. Cote d'Ivoire does not maintain any regulations inconsistent with WTO Trade-Related Investment Measures (TRIMS). There are no general performance requirements applied to investments, nor does the government or the investment authority generally place conditions on location, local content, equity ownership, import substitution, export requirements, host country employment, technology transfer, or local financing. Cellular telephone operating companies must meet technology and performance requirements to maintain their licenses. The Investment Code, the Petroleum Code, and the Mining Code define the incentives available to new investors in Cote d'Ivoire (see section A.1. above).

Right To Private Ownership And Establishment. Foreign investors generally have access to all forms of remunerative activity on terms equal to those enjoyed by Ivoirians. The government encourages foreign investment in the privatization of state-owned and parastatal firms, though in most cases the state reserves an equity stake in the new company.

Under its previous IMF Poverty Reduction and Growth Facility, the government committed to privatizing 30 parastatal enterprises by the end of 2003. While some privatizations occurred, the government has yet to sell the majority of its shares in a major local bank, a cotton company, and a sugar company, and its remaining shares in the telecommunications company. Plans to complete these privatizations are likely to remain on hold until after elections.

In January 2005, the Council of Ministers approved measures to liberalize the telecommunications sector. The legislation remains blocked, however, and it is unlikely to be passed into law until a new National Assembly can be constituted with new elections. For the time being, the Ivorian regulatory agency continues to function under the authority granted to it by the 1995 telecommunications code. The new rules, as drafted, will end France Telecom's fixed-line monopoly through its subsidiary, Cote d'Ivoire Telecom. A new regulatory agency would also be created to manage the fully competitive market.

Banks and insurance companies are subject to licensing requirements, but there are no restrictions aimed at limiting foreign ownership or the establishment of subsidiaries of foreign companies in this sector. There are no restrictions on foreign investment in computer services, or education and training services. However, there are restrictions on foreign investment in the health sector, law and accounting firms, and travel agencies. Investments in these sectors are subject to prior approval and require appropriate licenses and association with an Ivorian partner. Foreign companies operate successfully in all these service sectors.

Protection Of Property Rights. Ivoirian civil code provides for enforcement of private property rights. The concept of mortgages exists, but mortgage lending is not well developed. There is no secondary market for mortgages. Property and title registration systems exist in Cote d'Ivoire. The legal system protects and facilitates the acquisition and disposition of all property rights including land, buildings and mortgages.

Outside of urban areas, private individuals or entities usually cannot obtain freehold tenure because the traditional property rights of villages and ethnic groups prevent the land from being

sold. In urban areas where land is not held as a "tenancy in common" by a tribal or village head but is considered to be owned individually, it can still be difficult to obtain a free-hold deed to property even years after a closing. For that reason, most individuals and businesses tend to sign long-term leases. Although the legal system recognizes the right to contract for leaseholds in both urban and rural areas, in most cases traditional tribal land-owners do not have a clear understanding of property rights. This complicates the enforcement of property rights in rural areas. In addition, because free-hold tenure by individuals is not generally permitted in rural areas, would-be borrowers often have difficulty using real estate as collateral for loans. Even in urban settings the mortgage market is not well developed. As part of the legislative reforms mandated by the Linas-Marcoussis Peace agreement, in July 2004 the National Assembly adopted amendments to the law on rural-land ownership. This new law provides very limited free-hold ownership for rural lands, which had been traditionally held as a tenancy in common by villages. Rights are only protected, however, if the owner can provide proof of ownership through an assignment deed or purchase contract.

The Ivorian Civil Code protects the acquisition and disposition of intellectual property rights. Legal protection for intellectual property may fall short of TRIPS standards due to uneven law enforcement and the lack of custom checks in porous borders, which permit trade of counterfeit textiles, pharmaceutical products, and vehicle parts. Cote d'Ivoire is a party to the Paris Convention, its 1958 revision, and the 1977 Bangui Agreement covering 16 Francophone African countries in the African Intellectual Property Organization (OAPI), which has been TRIPS compliant since 2002. Under OAPI, rights registered in one member country are valid for other member states. Patents are valid for ten years, with the possibility of two five-year extensions. Trademarks are valid for ten years and are renewable indefinitely. Copyrights are valid for 50 years.

In 2001, Ivorian experts drafted a new law in an effort to bring Cote d'Ivoire into conformity with TRIPS. The new law adds specific protection for computer programs, databases, and extension of copyrights with regard to rented films and videos. However, the National Assembly has not yet approved this legislation, and the legislation will not be approved until a new National Assembly is convened. Cote d'Ivoire has not signed the WIPO internet treaties.

The government's Office of Industrial Property (OIPI) is charged with ensuring the protection of patents, trademarks, industrial designs, and commercial names. The office faces many challenges, including insufficient resources, a lack of political will, and the distraction of the ongoing political crisis. As a result, enforcement of IPR is largely ineffective. Foreign companies, especially from East and South Asia, flood the Ivorian market with all types of counterfeit goods. Despite enforcement difficulties, the government is working to strengthen IPR protection. In 2007, the Ministry of Industry, through the OIPI, issued a draft bill on protection of IPR at the border to provide legal provisions for addressing counterfeiting. The new bill would prohibit the entry and exit of goods infringing IPR by Customs. This will allow customs to detain the shipment of goods suspected of infringement, to investigate the status of infringement of goods etc. Further, Cote d'Ivoire's law on mandatory registration of commercial names came into effect in February 2006.

The Ivoirian Copyright Office (BURIDA) put into effect a new sticker system in January 2004 to prevent counterfeiting and protect audio, video, literary and artistic property rights in music and computer programs. BURIDA's operations remain hampered by

a long-running dispute between the management and the board over policy and leadership issues. To resolve the crisis at BURIDA, in March 2006 the Minister of Culture established a temporary administration, as well as a commission to reform BURIDA. Since its establishment, the new administration has boosted its fight against audiovisual piracy including raids against retail outlets and street vendors of pirated CDs and DVDs, and instituted legal proceedings against persons involved in fraudulent copying of audiovisual materials. Additionally, in 2007 BURIDA brokered an accord with the Ivorian music industry to reduce prices on locally produced CDs by 66 percent in an innovative effort to undercut IPR

piracy. BURIDA runs regular programs promoting IPR enforcement with lawyers and magistrates. In November 2008, the President signed a decree reforming BURIDA and changing its legal status from an association to a civil corporation. This change was intended to give BURIDA more autonomy and a more business-like focus. On July, 25, 2009 a new BURIDA board was elected.

Transparency Of Regulatory System. The Government has taken some steps toward encouraging a more transparent and competitive economic environment. Additionally, the IMF, World Bank, European Union, and other large donors have pushed the Government to make reforms. A centralized office of public bids in the Finance Ministry was designed to ensure compliance with international bidding practices by providing a neutral body to make bidding decisions in a transparent and objective fashion based on clear criteria. In 2005, the Ministry of Finance introduced institutional changes in the new public procurement code. They are:

--The decentralization of operational functions to make ministerial departments, local governments and other government structures accountable for the management of public resources

--The creation of consultative public procurement commissions in charge of examining extraordinary decisions

--The reinforcement of public procurement coordination through new regulations, training, procedural controls and more open and transparent communication with the interested public

--The establishment of an appeals mechanism

--The reinforcement of auditing in the public procurement process

In addition to the office of public bids, there is also an Inspector General's office and regulatory bodies for the liberalized electricity and telecommunications sectors.

From 1999-2008, several private and public institutions with producer, industry, and government representation were tasked with controlling and regulating Cote d'Ivoire's cocoa and coffee sector. These groups were neither efficient nor transparent and became the subject of controversy regarding their fiduciary mismanagement. In September 2008, after several leaders of these regulatory boards were jailed on corruption charges, the President dissolved the cocoa regulating bodies to establish a management committee to regulate the cocoa and coffee sector. The World Bank and IMF are pushing the government to institute further reforms to bring greater transparency to the sector.

On August 6, 2009, the Ivoirian government adopted a community framework for public procurement by incorporating WAEMU Directives 4 and 5 on bidding process and auditing as well as regulation of public procurement within the Union. The new public procurement code aims to harmonize public procurement policy and comply with WAEMU integration objectives

The changes include the separation of auditing and regulating functions, the passage from the national to the community preference, the taking into account of procurement for intellectual services and the increase from 25 to 30 percent of advance payment for the startup of procurement of goods, works and services.

Another change is the creation of the National Regulatory Authority for Public Procurement, which has financial autonomy and is charged with monitoring the application of good governance principles; it may sanction those who do not comply with public procurement regulations.

The Finance Ministry has at times changed tax regimes overnight via ministerial decree, rather than working through the Council of Ministers and the National Assembly. The government sometimes levies large tax bills, which companies say have little basis in law or standard accounting practices. It then negotiates a lower bill with the company.

In December 2008 the Ministry of Commerce unilaterally established a new fee on imports, in the amount of CFA 30,000 to 40,000 (USD 66 to 88), depending on the type of import. Many businesses reported

that they received no receipts for paying the fee. With strong resistance from the business community, which argued that the Ministry had no legal basis for imposing the fee, the Government suspended the fee.

Proposed laws and regulations are not published in draft form for public comments. The National Assembly debates most legislation. The Government often holds public seminars and workshops to discuss proposed plans with trade and industry associations.

Efficient Capital Markets And Portfolio Investment. Cote d'Ivoire's commercial banking sector is generally sound. The 50 bank branches that were closed in the former rebel zones at the height of the military/political crisis are reopening while new banks are expanding their networks. The IMF reported in March 2009 that two of the five banks in Cote d'Ivoire that had negative net worth at the end of June 2008 had formulated recapitalization plans approved by the Banking Commission. One bank was under interim administration. The remaining two were being taken over by the government through conversion of illiquid deposits into share capital. The IMF also reported that high credit growth had reduced the nonperforming loans ratio to 17.7 percent of the total, down from 21.5 percent at the end of 2007.

According to the Central Bank of West African States, as of December 31, 2006, the following Ivorian banks had USD 20 million or more in total assets (figures have been converted from FCFA to USD at an exchange rate of 500 FCFA to 1 USD):

Banque Nationale d'Investissement (BNI): USD 41.0 million

Banque Internationale pour le Commerce et l'Industrie de la Cote d'Ivoire: USD 33.3 million

Societe Generale de Banques en Cote d'Ivoire: USD 31.1 million

Standard Chartered Bank - Cote d'Ivoire: USD 20.6 million

Banque Internationale pour l'Afrique Occidentale: USD 20.0 million

Due to the financial risk associated with long-term loans because of the ongoing political/economic crisis, banks have shifted their emphasis to lending to the public sector, to the detriment of small and medium size enterprises. Banks continue to offer short-term loans, and generally make lending and investment decisions on business criteria. Portfolio investment is emerging. Government and private bonds are available for purchase by individuals or companies. The Regional Council for Savings Investments regulates the WAEMU securities exchanges market. Government policies generally encourage the free flow of capital. Aside from restrictions previously listed, there are no private sector or government efforts to restrict foreign investment, participation, or control of local industry. Credit for business expansion is difficult to obtain. The government relinquished its interest in smaller banks and retains only a small minority share in several large banks and outright ownership of one medium sized bank (BNI).

At the end of 2008, total assets of the 18 banks and three credit institutions were FCFA 2.3 trillion (about USD 5 billion), an increase of 6.6 percent from 2007 figures.

Ivorian accounting systems are well developed and approach international norms. A WAEMU-wide accounting system-SYSCOA, under which all member countries follow the same accounting rules, is firmly in place.

The FCFA exchange rate is pegged to the Euro at 655.957 FCFA to one Euro. As a consequence, the FCFA/USD rate fluctuates freely with the Euro/USD rate.

There is no evidence of "cross shareholding" and "stable shareholders" to restrict foreign investment through mergers and acquisitions in Cote d'Ivoire.

Political Violence. Politically motivated demonstrations and strikes by workers' unions in the health, education, transport, and cocoa sectors have occurred and could continue to be potential sources of civil disturbance in 2010. No protests have been

directed against American or foreign businesses.

Corruption. Cote d'Ivoire signed the UN Anti-corruption Convention on December 10, 2003, but has not yet ratified it. The country is not a signatory to the OECD Convention on Combating Bribery. There

are domestic laws and regulations to combat corruption but they are neither generally nor effectively enforced. Penalties can range from incarceration to payment of civil fines. State employees can be convicted of either passive or active corruption or bribery in the performance of their duties. The law also provides for punishment of state employees who benefit directly or indirectly from private or parastatal companies related to contracts, markets or financial payment under their purview. Company managers who are complicit in the corrupting act are treated as accomplices.

Racketeering by security and defense forces is often denounced in the media and receives wide attention from the authorities and the population. Sporadic unrest in the country has led to an increase in the number of police, military and gendarme checkpoints on the roads, and consequently an increase in the solicitation of bribes at these checkpoints. Transport companies have been particularly hard hit. Trucks moving cargo from the western agricultural belt to Abidjan and between Abidjan and the rebel-controlled northern region pay a total of $100 to $400 at the various checkpoints they must pass through, depending on the cargo. In July 2008, the army chief of staff launched an anti- racketeering campaign. The campaign led to a substantial reduction in police check points on the main country international roads; however, it has not yielded expected results concerning racketeering by security forces. There are several governmental entities in charge of fighting corruption: the General Secretariat in Charge of Good Governance, the Board of State General Inspectors, and the Finance Ministry's Inspector General's Office. None has been effective in stamping out this growing problem. Neither Transparency International, nor any regional or local non-governmental "watchdog" organization specifically related to business operates in Cote d'Ivoire.

Many U.S. companies view corruption as a major obstacle to investment in Cote d'Ivoire. Corruption has the greatest impact on judicial proceedings, contract awards, customs, and tax issues. It is common for judges to base their decisions on financial influence. Corruption and the ongoing political/economic crisis have affected the Ivorian government's ability to attract foreign investment. Transparency International's 2009 "Corruption Perception Index" has ranked Cote d'Ivoire 154th of 180 countries. Businesses have reported corruption at every level of the civil service. Obtaining an official stamp or copy or birth or death certificate, or an automobile title, requires payment of a supplemental "commission." If the commission is refused, the application is not processed. The size of the commission varies with the cost of the service or investment. Some U.S. investors have raised specific concerns about the rule of law and the government's ability to provide equal protection under the law. A poor record in enforcing the rule of law was one reason cited for the country's loss of eligibility for benefits under the African Growth and Opportunity Act (AGOA) at the end of 2004.

The country's financial intelligence unit, Cellule Nationale de Traitement des Informations Financieres (CENTIF), established in December 2007, is responsible for investigating money laundering and terrorist financing. CENTIF has broad authority to investigate suspicious financial transactions, including those of government officials.

A local company may not deduct a bribe to a foreign official from taxes. Under the Ivoirian Penal Code, a bribe by a local company to a foreign official is a criminal act.

Bilateral Investment Agreements. There are no bilateral investment or taxation treaties between Cote d'Ivoire and the U.S.

OPIC And Other Investment Insurance Programs. OPIC insures several U.S. investments in Cote d'Ivoire although the overall exposure is relatively small. Since 1999, OPIC has not issued any new investment insurance policies in Cote d'Ivoire, and in 2003, OPIC withdrew its underwriting agreement for Cote d'Ivoire. The African Project Development Facility (APDF) and the African Investment

Program of the International Finance Corporation (IFC) may assist investors now that its parent, the World Bank, is reengaged in Cote d'Ivoire. Cote d'Ivoire is a member of the Multilateral Investment Guarantee Agency (MIGA).

Labor. The Constitution and the Labor Code grant all citizens, except members of the police and military, the right to form or join unions, and workers exercise these rights. Registration of a new union takes three months. Despite these protections, only a small percentage of the work force is actually organized. Most laborers work in the informal sector (i.e. small farms, small roadside stands, and urban workshops). Anti-union discrimination is prohibited. There have not been reports of anti-union discrimination, and consequently, no known prosecutions or

convictions under this law. Unions are free to join international bodies, and the General Workers Union of Cote d'Ivoire (UGTCI) was affiliated with the International Confederation of Free Trade Unions. The Constitution additionally provides for collective bargaining, and the Labor Code grants all citizens, except members of the police and military services, the right to bargain collectively. Collective bargaining agreements are in effect in many major business enterprises and sectors of the civil service. In most cases in which wages were not established by direct negotiations between unions and employers, the Ministry of Employment and Civil Service establishes salaries by job categories. The Constitution and statutes provide for the right to strike, and the Government generally protects this right. However, the Labor Code requires a protracted series of negotiations and a six-day notification period before a strike may take place, making legal strikes difficult to organize.

In February 2004, the Minister of Employment and Civil Service and the Minister of Economy and Finance signed a decree aimed at promoting national employment. This decree favors the employment of Ivoirians in private enterprises. The decree states that any position to be filled must be advertised for two months. If after two months no qualified Ivorian is found, the employer is allowed to recruit a foreigner, provided that he plans to recruit an Ivorian to fill the position in the next two years. The foreign employee must be given a labor contract. Until recently, in order to reside in Cote d'Ivoire for more than three months, foreigners were required to have a "carte de sejour" that cost the equivalent of a month's salary each year. Representatives of UEMOA harshly criticized the requirement and claimed that it violated Article 91 of the UEMOA Treaty, which permits the free movement of persons for employment within the union. In November 2007, President Gbagbo signed a decree suspending the carte de sejour requirement for ECOWAS citizens. It does not appear that elimination of the carte de sejour requirement has had a significant effect on employment opportunities in Cote d'Ivoire.

Foreign-Trade Zones/Free Ports. There are no free trade zones in Cote d'Ivoire. In June 2008 the Export-Import Bank of India opened a USD 21 million line of credit for the Ivorian government to build a free trade zone for information technology and biotechnology in Grand Bassam, which is about 33 kilometers from Abidjan. The Ivorian government secured additional project funding from the West African Development Bank and the Ecowas Bank for Investment and Development and has begun negotiations to purchase a site for the zone. Another free trade zone project, which was planned for the port of San Pedro, remains dormant. Bonded warehouses do exist, and bonded zones within factories are allowed. High port costs and maritime freight rates have inhibited the development of in-bond manufacturing or processing, and there are consequently no general foreign trade zones.

Major Foreign Investors. According to the United Nations Conference on Trade and Development's World Investment Report, the stock of foreign direct investment in Cote d'Ivoire as of 2008 was an estimated USD 6 billion, the equivalent of 28.5 percent of that year's GDP. In terms of FDI stock, France is Cote d'Ivoire leading investor, followed by other European countries and Lebanon. Chinese, Indian, Libyan, Singaporean, and Moroccan businesses have begun making significant investments in Cote d'Ivoire.

U.S. firms have made major investments in oil and gas, banking, cocoa, and international courier services.

Foreign Direct Investment Statistics: CEPICI has published the following figures on FDI flows to Cote d'Ivoire per sector for ¶2009. However, these figures do not include all FDI flows in 2009. The total figure presented by CEPICI is the equivalent of 0.3 of 2009 GDP.

Foreign Direct Investment inflow by Sector, 2009 (USD)

Sector	Investment	Percentage
Food	81,273,337	22%
Mechanic, Iron & Steel	7,662,530	2%
Mining Industry	3,458,461	1%
Health	20,711,736	6%
Tourism & Hotel	1,737,745	0%
Communication	30,584	0%
Construction Material	208,791	0%
Telecommunication	161,895,036	43%
Trade	3,489,627	1%
Service		

33,610,874

9%

Training

1,124,205

0%

Printing Industry

3,014,725

1%

Computer

27,344

0%

Wood

7,765,384

2%

Transport

16,837,058

4%

Drug Pharmaceutical

1,130,330

0%

Oil & Gas

4,901,917

1%

Plastics

6,969,231

2%

Chemicals

729,579

0%

Textile

94,784

0%

Breeding

3,616,938

1%

Glass Industry

8,974,283

		2%
Others (energy)	5,297,802	1%
Total	374,562,303	100%

Source: Ivoirian Investment Promotion Authority (CEPICI). Average exchange rate CFAF 455 per one USD.

CEPICI has published the following figures on FDI flows to Cote d'Ivoire by country of origin for 2009. However, these figures include only a small fraction of FDI flows in 2009.

Foreign Direct Investment inflow by Country of Origin, 2009 (USD)

Countries	Investment	Percentage
France	5,921,703	7.03%
Belgium	5,819,937	6.91%
Luxembourg	26,825,969	31.85%
Great Britain	6,425,004	7.63%
Germany	1,327,388	1.57%
Lebanon	4,108,351	4.87%
Portugal	438,284	

0.52%

Denmark

1,301,415

1.54%

Cyprus

31,597,867

37.52%

Canada

439,645

0.52%

Total

84,205,563

100.00%

Source: CEPICI. Table does not represent all the flow investments by origin. Average exchange rate CFAF 455 per one USD. CEPICI does not include investment from resident Lebanese in FDI figures.

End text.
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